06/30/96

Status Report

Marketing

Issues: Consumer research, positioning platform development, packaging, launch/distribution strategy, conversion kit and merchandising.

Recent Activity: Meeting with Burnett to review kiosk/interactive display technology for retail. Reviewed media availabilities for potential markets.

Briefed packaging design firm for development of a universal "cigarette in lighter" logo for possible use on packaging and in advertising.

Continued work on market selection process. Legal issues being reviewed (tax stamping, direct delivery sales, etc). Scheduled meeting with PM USA marketing and sales management to review market selection criteria and "short list" of recommended launch markets on July 12.

Scheduled review of preliminary advertising concepts for July 24 with PM USA senior management.

Upcoming Events: Preparation for July planning meeting.

Studio shoot for advertising concepts.

Sales & Distribution

Recent Activity: Meeting with consultant scheduled July 6.

Began planning with new fulfillment management.

Researched turns to look at total profitability for retailer.

Developed alternate scenarios to cigarette delivery.

Started preparation of various presentations (planning meeting, consultant, update sales/marketing executives)

Upcoming Events: Meet with QA Consumer Relations to discuss information collections and processes.

Consumer Research

Issues: Lighter design, cigarette taste acceptability, consumer receptivity (to concept, use, behavioral adaptation, product messages), consumer-related product performance.

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Source: https://www.industrydocuments.ucsf.edu/docs/kydh0005

Recent Activity: Reviewed marketing and consumer research journal publications of past 2-3 years. Compiling highlights of case studies, key findings, implications for B project. Obtaining reprints of most relevant articles addressing quality, innovation, brand equity, pricing, advertising, segmentation, etc., for circulation among B-Team.

Communicated findings and hypotheses from additional Keswick data analyses. Outlined Japanese market share and consumer data to guide launch brand and taste benchmarking discussions.

Preparing discussion charts for planning meeting.

Setting up internal product trial and use opportunities, to include one-on-one interviews and booth smoking preparations.

R&D/MDF brainstorming session for R&D Strategic Plan; NPC Meeting; OLT meetings.

Upcoming Events: Consumer research session of planning meeting--complete draft of charts and review with Marketing and Sales Information, PED, PMKK and MDF.

Japan Market Segmentation Study discussion with PED on July 10.

Meeting with QA's Consumer Response group on June 29.

Finance & Planning

Issues: Product Costs, 1995 & 1996 Budgets, Overall Project Schedule and Milestones, Board Presentations, vendor contracts.

Recent Activity: Have begun work on addressing two issues which were raised at the 6/15 project review meeting--1) Detailed fixed cost estimate for York. 2) Breakeven analysis for the project. Answers to both are expected on 6/29.

Attended the KC quarterly review meeting on June 26.

Contract extensions sent to Sanyo for execution.

Design Continuum contract executed by both parties.

Board presentation put on hold. Awaiting new date for same.

Have begun preparing for the group's planning meeting. Outline for meeting distributed for comments.

Upcoming Events: Planning meeting scheduled for July 18-20 at the Danfords Inn in Port Jefferson, NY.

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Legal & Regulatory

Issues: Regulatory and legal review and research covering marketing, manufacturing, testing, distribution, planning and product liability issues; contractual arrangements; project assets structuring; document drafting and review.

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